

Presentation to the Portfolio Committee on Trade,  
Industry and Competition on National Regulator for  
**Compulsory Specifications (NRCS)** Annual  
Performance Plan 2024/25 Financial Year

Duncan Mutengwe  
Acting Chief Executive Officer

21 August 2024

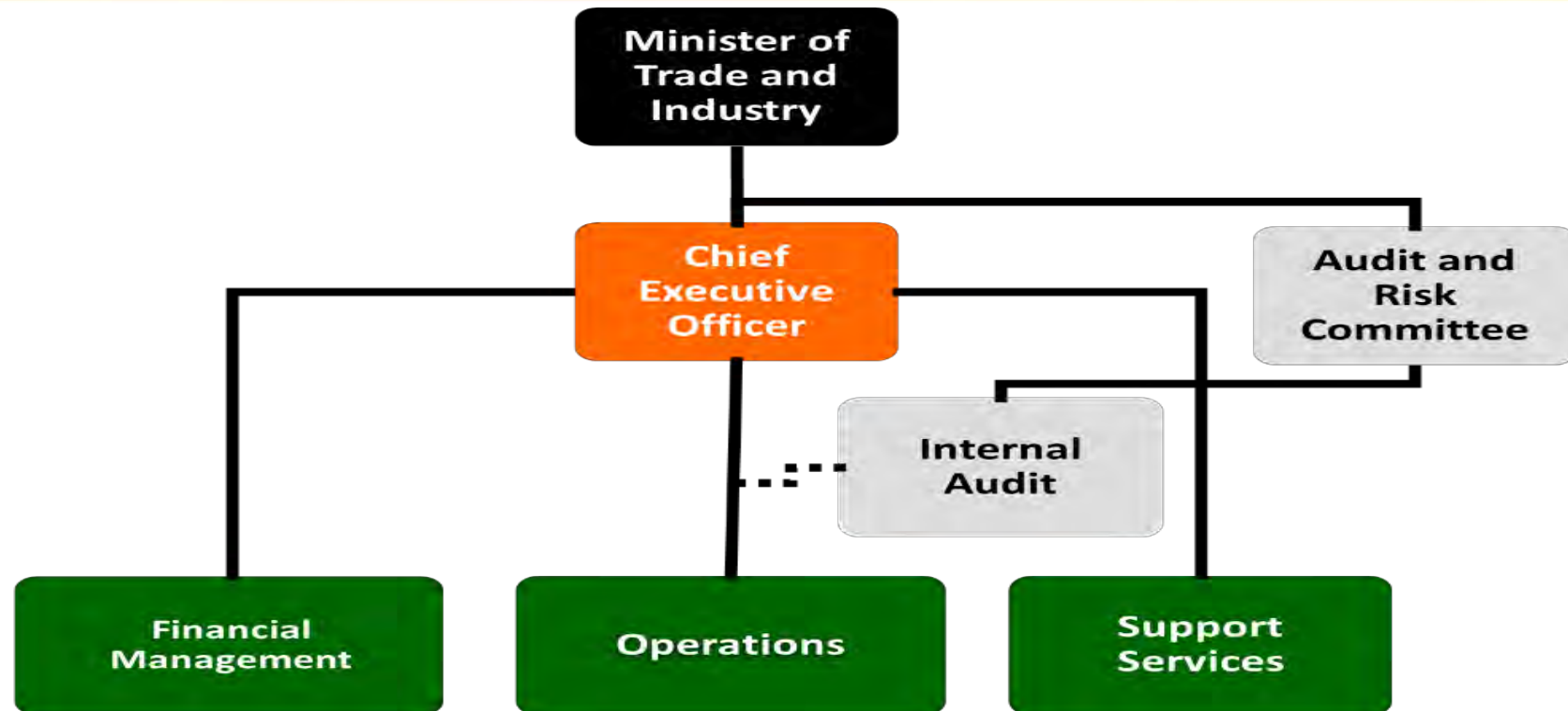
# NRCS Delegation

- ❑ Mr. Duncan Mutengwe
  - ❑ Acting Chief Executive Officer
- ❑ Ms Nadine Thomas
  - ❑ Chief Financial Officer
- ❑ Ms Meisie Katz
  - ❑ General Manager: Food and Associated Industries
- ❑ Mr Oupa Kgasago
  - ❑ Chief Information Officer
- ❑ Mr Edward Matemba
  - ❑ Manager: Strategy and Risk Management

# Scope of Presentation

- ❑ Functional Organisational Structure
- ❑ NRCS at a Glance
- ❑ Legislative Mandate
- ❑ NRCS Mission and Vision
- ❑ Quality Infrastructure System Linkage
- ❑ Industries regulated by NRCS
- ❑ Development and approval of Compulsory Specifications/ Technical Regulations
- ❑ Strategic Focus
- ❑ 2024/25 Key Performance Areas
- ❑ 2024/25 Financial Overview

# Functional Organisational Structure



- Financial Management
- Supply Chain Management

- Automotive
- Chemical, Materials and Mechanical
- Electro-Technical
- Food and Associated Industries
- Legal Metrology

- ICT Services
- Marketing and Communication
- Human Capital Management
- Legal and Compliance Services
- Records and Facilities Management
- Strategy and Risk Management
- Quality Management System and Secretarial Services
- Regulatory and Research Development and National building regulations

# NRCS at a Glance

## Mandate

- NRCS mandate is to promote public health, safety and environmental protection through the development and enforcement of compulsory specifications/technical regulations and ensuring fair trade

## Human Resources

- Organisational structure has 362 positions
- Current staff compliment 309 and 53 positions are vacant positions

## Finances

- Budget of R510 million
- 65% of the budget is dedicated towards market surveillance activities (approvals, inspection, sanctioning of non-compliances)

# Legislative Mandate

**Mandate of the NRCS is derived from the following Acts.**

**National Regulator for Compulsory Specifications Act  
(Act No. 5 of 2008)**

**Legal Metrology Act  
(Act No. 9 of 2014)**

**National Building Regulations and Building Standards Act  
(Act No. 103 of 1977)**

# NRCS Mission and Vision

## Mission

- To protect public health and safety, safeguard the environment and facilitate fair trade

## Vision

A safe, sustainable South Africa where people and businesses can trade and purchase with confidence



# Quality Infrastructure System Linkage





# Industries regulated by NRCS

## Automotive

- Vehicles, Replacements components, Registration of Manufactures Importers and Builders of motor vehicles

## Chemicals, Mechanical and Materials

- Cement, chemicals, detergents, Personal protective equipment, safety shoes, building materials, treated timber, plastic bags, plumbing equipment

## Electro-technical

- Electrical appliances and products, Electronic appliances and products – Regulate for Safety and Energy Efficiency

# Industries regulated by NRCS

## Food and Associated Industries

- Fishery products, canned meat and processed meat

## Legal Metrology

Regulation of measurable products and services, measurements in trade, health, safety and environment and any measuring instrument used for prescribed purpose

## National Building Regulations

Ensure uniform interpretation of National Building Regulations and Standards Act

# Key Focus Areas

## Trade

- Enable trade:  
Appointed as Competent Authority for Food and Associated Products
- Focusing on enabling local manufacturers to trade and creating a fair regulatory environment that enables investment, trade and enterprise development, in an equitable and socially responsible manner

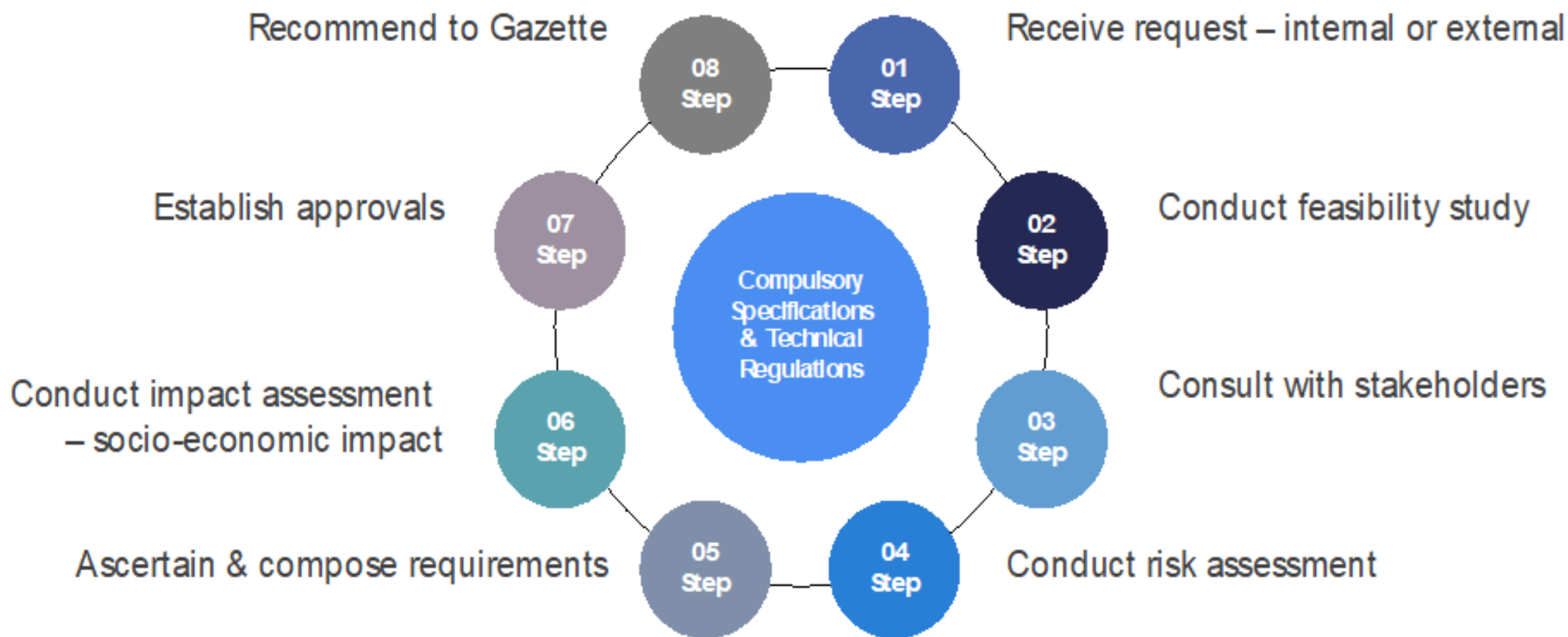
## Industrial Production and Exports

- Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation
- Enable and promote exports especially within the fisheries sector
- Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives

## Public Health and Safety

Consumer and environmental protection

# Development and approval of Compulsory Specifications/ Technical Regulations



**Note: Recommend to Gazette**

- NRCS recommends to the Minister for consideration and if approved gazetted by **thedtic**

# Strategic Context – Influencing Factors

## Trade

- Changes in trade trends have led to an increase in imports and consequently an increase in commodities coming through South African ports of entry

## Implementation strategies

- This calls for enhancements in the regulatory framework;
- Improved market intelligence and inspectorate capacity;
- More sophisticated techniques to analyse risks related to the regulated product, company and country of origin.
- Strategies aimed at the non-complying industries and achieving more with less resources
- This will inform innovative ways of working that enable the NRCS to be agile, effective, efficient, accessible and intelligent in the way it delivers on its mandate

# Strategic Focus

## Financial Sustainability

- Ensure that the NRCS is financially sustainable through the efficient and effective collection of levies and other fees charged for services provided

## Dedicate resources towards the non-complaint companies

- Improvements in the sanctioning of non-compliant products in the trade through the development of an enhanced enforcement capability

## Stakeholder Engagement

- Collaboration with industry and other stakeholders
- Improvements in Consumer and stakeholder recognition, awareness and understanding of compulsory specifications / technical regulations, as well as of the NRCS and its mandate

# Strategic Focus Cont'

## Effective utilisation of an innovated regulatory framework

- Achieve high impact for Market Surveillance
- Risk Based Approach to approvals and inspections, to optimise the usage of our resources in ensuring compliance

## Transitioning the NRCS to be an efficient and effectively functioning organisation

- Involves the implementation of the innovated NRCS organisation design and the filling of permanent positions in which competent, professional employees have the confidence and ability to deliver
- Ensuring sound and effective organisational governance

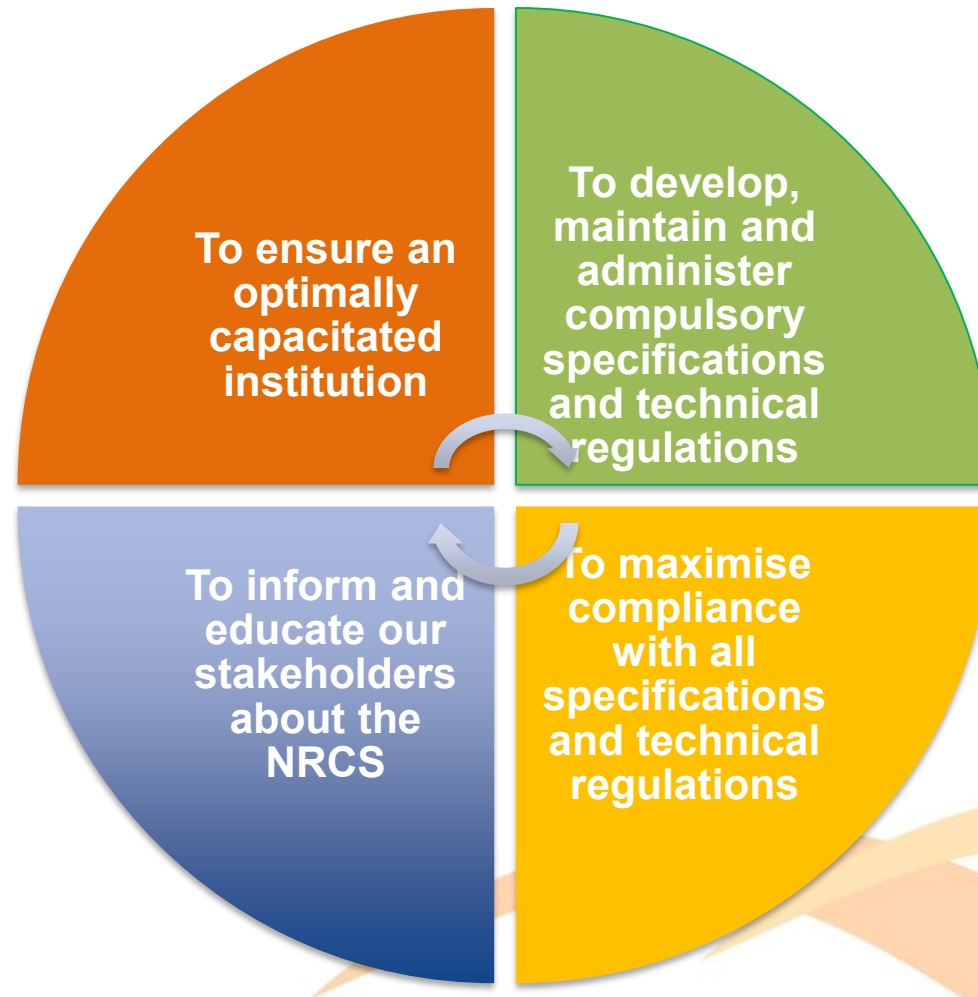
## The modernisation of ICT and other systems, including data management

- This will inform innovative ways of working that enables the NRCS to be agile, effective, efficient, accessible and intelligent in the way it delivers on its mandate



## Key Performance Areas

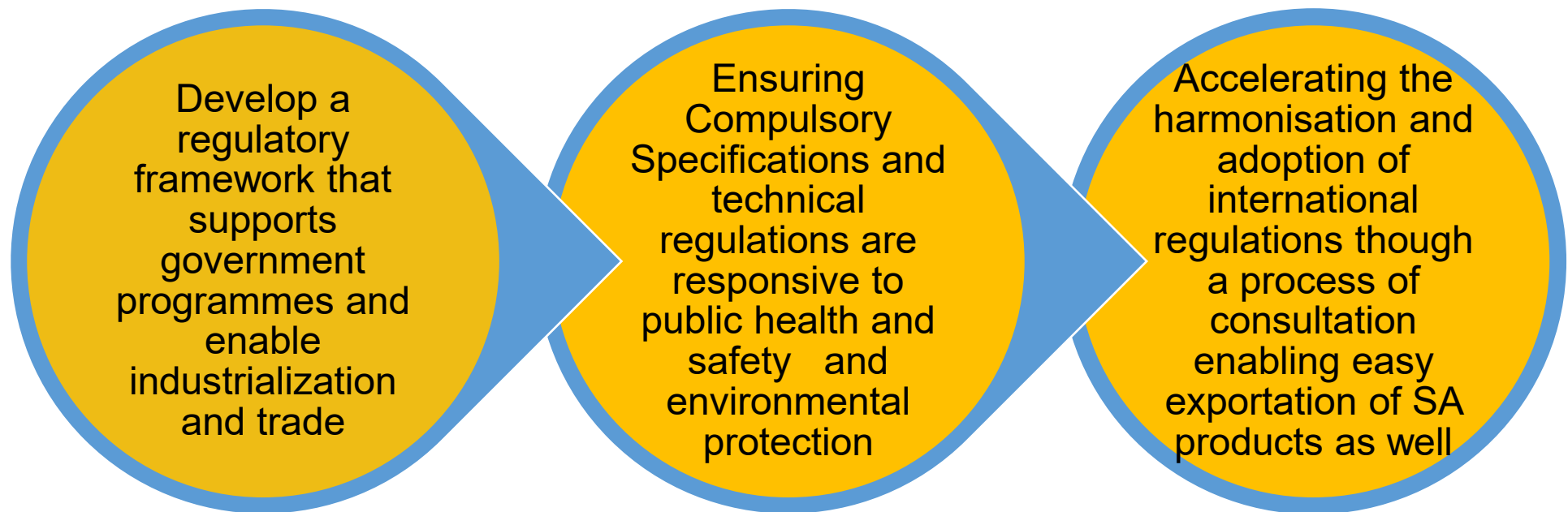
# NRCS Strategic Goals



# Strategic Goal 1: To develop, maintain and administer compulsory specifications and technical regulations

## Annual Target 4 Compulsory Specifications/ Technical Regulations

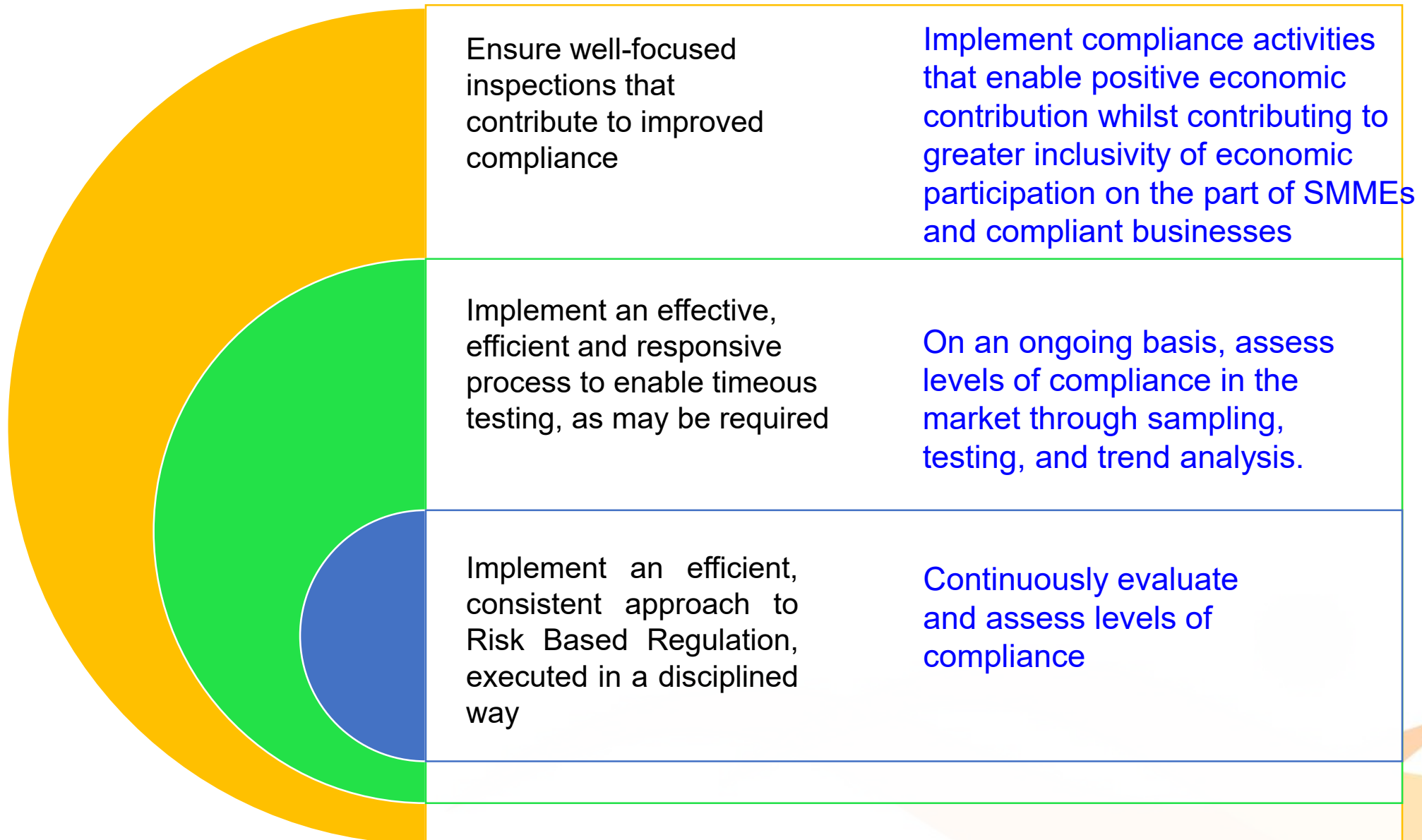
- Legal Metrology - Measuring instrument for kingpins
- Electro-technical- Energy Efficiency in appliances; Earth Leakages; flexible cables



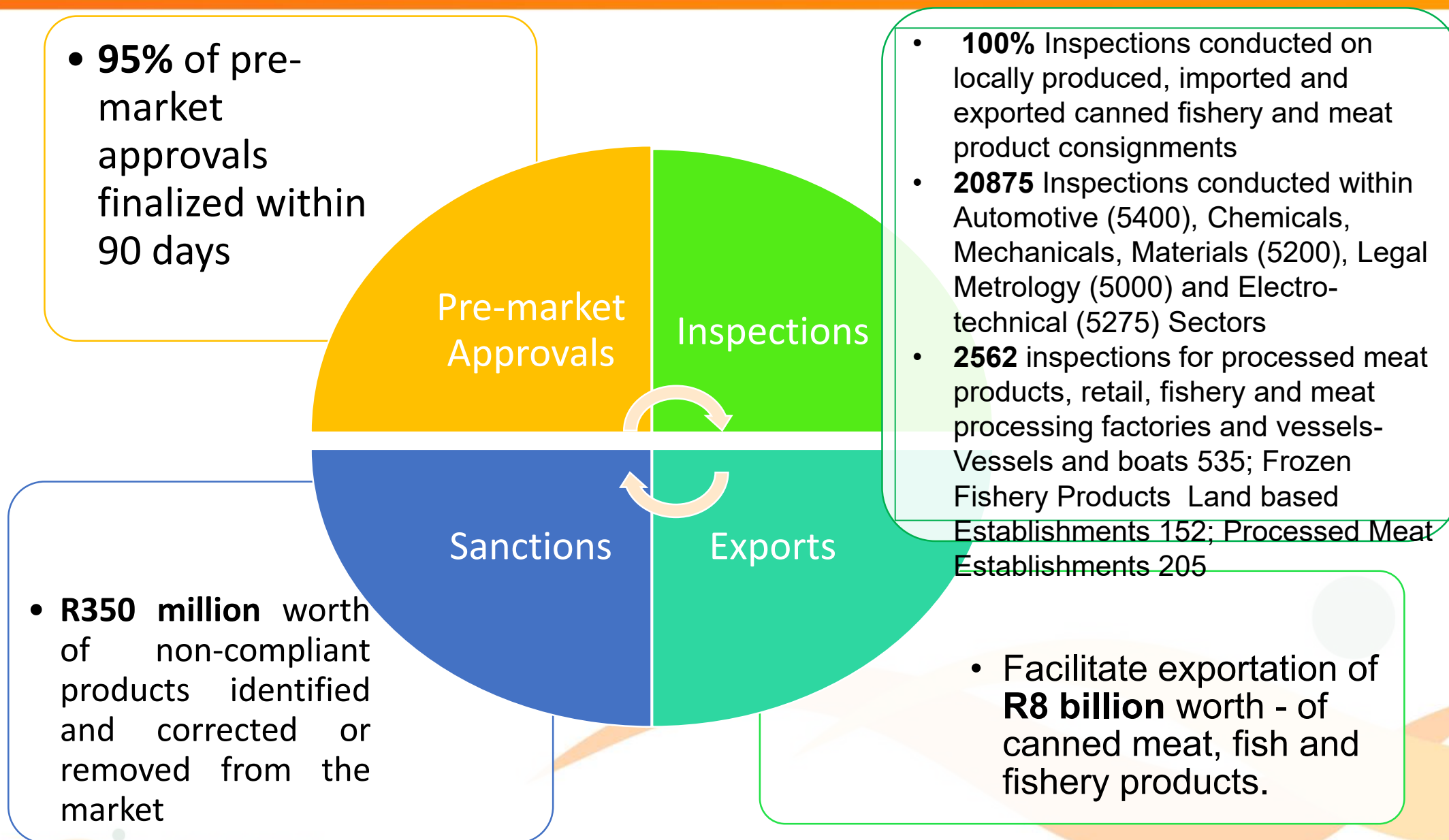
## Current Compulsory Specifications = 67

- Automotive 22; CMM - 16; Electro-technical – 19; Food and Associated - 10

# Strategic Goal 2: To maximise compliance with all specifications and technical regulations



# Strategic Goal 2: To develop, maintain and administer compulsory specifications and technical regulations - Targets



# Strategic Goal 3: To inform and educate our stakeholders about the NRCS

## Stakeholder Management

Aim to increase awareness of the role and mandate of the regulator, as well as of compulsory specifications and technical regulations and compliance

Work with industry to increase the levels of compliance

- This goal will be achieved through effective communication initiatives, through the media, stakeholder engagements and targeted awareness campaigns.
- Stakeholder engagement will comprehensively target both internal and external stakeholders
- Conduct 21 consumer awareness workshops targeting mostly rural and townships

# Strategic Goal 4: To ensure an optimally capacitated institution

Effectively and efficiently utilises all available resources in the most optimal manner.

Reviewing and improving operational processes and systems

## Human Resources

Recruit 20 Interns

Human Resource capacity that is highly engaged, skilled and competent

Reducing the vacancy rate to 10%.

## Finance

- Implement mechanisms to improve revenue generation and collection

## ICT

Continue to invest in a fit-for-purpose ICT Platform so support the business objectives, become agile and responsive to market conditions



# Alignment to the dtic 45 Outcome Indicators

## Exports

- Facilitate exportation of R8billion worth of fisheries and canned meat products

## Transformation

- 20 Internships
- Designate 100% of all BBBEE complaint repair and verification bodies to conduct work on NRCS behalf within the Legal Metrology domain. Note the payment of services is for the owner of the measuring instrument not the NRCS

## Energy

- Implement energy efficient compulsory specifications
- Conduct four energy efficiency raids targeting non-compliant companies and industries

## Red tape and state capability target

- Reduce turn-around times for premarket approvals

# Alignment to dtic 45 Outcome Indicators

## Stakeholder engagement

- Participate in Harmonisation of regulations within SADC and Africa
- 6 Community outreach programmes by the NRCS as part of the rural engagement initiatives

## Improving the capacity and responsiveness of the state and social partnership

- Improve accessibility and response time in relation to customer and consumer queries
- 20 Case studies of firms, workers, entrepreneurs, professionals or communities' individuals impacted by the NRCS measures

## Financial Overview

# Financial Performance and 2024/25 MTEF

Statement of financial performance	Audited outcome	Audited outcome	Audited outcome	Audited outcome	Medium-term estimate		
R thousand	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>300,974</b>	<b>335,024</b>	<b>301,136</b>	<b>318,781</b>	<b>365,714</b>	<b>384,730</b>	<b>404,260</b>
Sale of goods and services other than capital assets	285,621	323,301	279,537	296,740	348,391	366,507	385,199
<i>Other non-tax revenue</i>	15,353	11,723	21,599	22,041	17,323	18,223	19,061
<b>Transfers received</b>	<b>126,126</b>	<b>144,099</b>	<b>147,560</b>	<b>138,611</b>	<b>144,634</b>	<b>149,235</b>	<b>154,319</b>
<b>Total revenue</b>	<b>427,100</b>	<b>479,123</b>	<b>448,696</b>	<b>457,392</b>	<b>510,348</b>	<b>533,965</b>	<b>558,579</b>
<b>Expenses</b>							
Compensation of employees	357,263	373,075	413,831	401,252	428,093	448,213	468,831
Goods and services	78,180	94,077	108,731	159,426	75,502	78,681	82,352
Depreciation	9,588	6,408	5,700	5,860	6,460	6,764	7,075
Interest, dividends and rent on land	259	1,193	288	1,011	293	307	321
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>445,290</b>	<b>474,753</b>	<b>528,550</b>	<b>567,549</b>	<b>510,348</b>	<b>533,965</b>	<b>558,579</b>
<b>Surplus/(Deficit)</b>	<b>(18,190)</b>	<b>4,370</b>	<b>(79,854)</b>	<b>(110,157)</b>	<b>-</b>	<b>-</b>	<b>-</b>

# REVENUE AND PROFIT/LOSS

Year	Original Budget	Actual	% Difference	Profit / (Loss)
2020/2021	551,615	427,100	-23%	<b>-18,190</b>
2021/2022	546,999	479,123	-12%	<b>4,370</b>
2022/2023	573,300	448,696	-22%	<b>-79,853</b>
2023/2024	597,037	457,392	-23%	<b>-110,157</b>

- Over the past few years, the actual revenue realized had always been below the budgeted estimate.
- The reduction in the budget estimate for 2024/25 was done in order to ensure that realistic estimates are budgeted for and to avoid the escalating losses that were incurred year-on-year as a result of this.
- The table above summarises the revenue and losses incurred in the previous years.

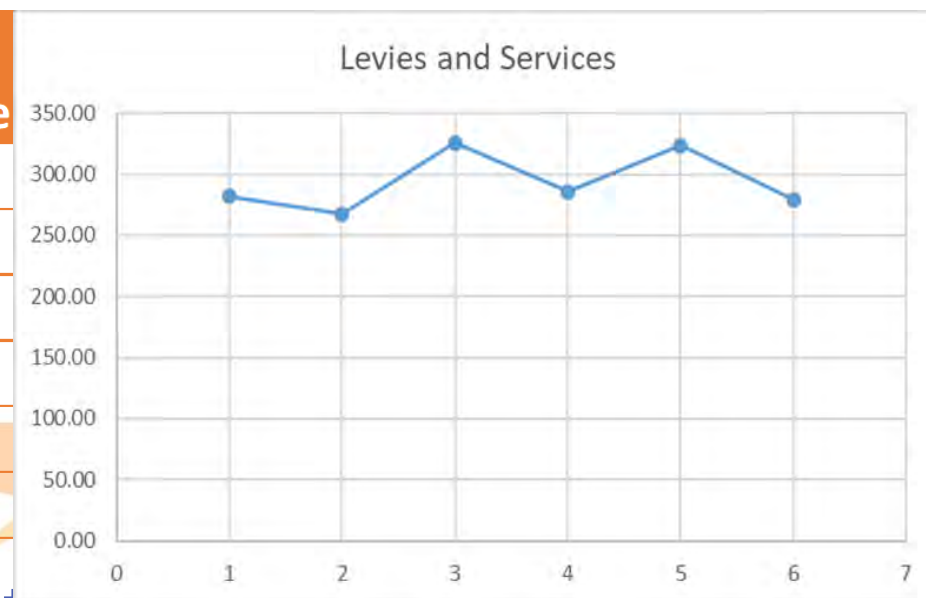
# Levies and Services

## Levies

Year (R'000)	Original Budget	Actual	Difference	% Difference
2020/2021	281,795	217,196	64,599	-23%
2021/2022	309,735	246,728	63,007	-20%
2022/2023	333,099	214,814	118,285	-36%
2023/2024	305,660	234,808	70,852	-23%

## Levies and Services

Levies and Services		
Year	R'm	% Difference
2017/2018	281.80	
2018/2019	267.40	-0.05
2019/2020	325.60	0.22
2020/2021	285.60	-0.12
2021/2022	323.30	0.13
2022/2023	279.50	-0.14
<b>Average</b>	<b>293.87</b>	



# 2024/2025 MTEF

Statement of financial performance	Audited outcome	Audited outcome	Audited outcome	Approved budget	Medium-term estimate		
R thousand	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>300,974</b>	<b>335,024</b>	<b>301,136</b>	<b>432,931</b>	<b>365,714</b>	<b>384,730</b>	<b>404,260</b>
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<b>Surplus/(Deficit)</b>	<b>(18,190)</b>	<b>4,370</b>	<b>(79,854)</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>



# 2024/2025 MTEF

## Budget Movements

Details	2024/25	2025/26	2026/27
Levies and Services	-15%	5%	5%
Interest and Other	-19%	5%	5%
Grant from the dtic	4%	3%	3%
<b>Total Revenue</b>	<b>-11%</b>	<b>5%</b>	<b>5%</b>
Compensation of Employees	-3%	5%	5%
Goods and Services	-40%	4%	5%
Depreciation	2%	5%	5%
Other	0%	5%	5%
<b>Total Expenses</b>	<b>-11%</b>	<b>5%</b>	<b>5%</b>

# Thank You